

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 8735-M
B & H GAS COMPANY, INC.)	

O R D E R

On May 31, 1983, the Commission issued its Order in Case No. 8735 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On May 28, 1991, B & H Gas Company, Inc. ("B & H") filed its quarterly gas cost adjustment ("GCA"), which is to become effective July 1, 1991 and is to remain in effect until October 1, 1991.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. B & H's notice of May 28, 1991 set out certain revisions in rates which B & H proposed to place into effect, said rates being designed to pass on to its customers its wholesale gas cost from its suppliers, resulting in an increase in the amount of \$4,914 or 21.27 cents per Mcf. B & H's resulting expected gas cost ("EGC") for the quarter beginning July 1, 1991 is \$3.7627 per Mcf.

2. B & H's notice set out no refund adjustment.

3. B & H's notice included a current quarter actual adjustment ("AA") in the amount of 60.05 cents per Mcf. B & H's proposal was to use the AA to recover past purchased gas cost from its supplier, Kentucky West Virginia Gas Company, incurred during the months of October through December 1990 and January through April 1991. Under B & H's former purchased gas adjustment ("PGA") clause, it would have recovered this expense through a surcharge to be effective September 1, 1991. That PGA clause is no longer in effect; therefore, the surcharge is no longer available to B & H. Because the operation of that surcharge mechanism was very similar to an actual adjustment, it is reasonable that B & H be allowed to recover these gas costs as proposed.

4. B & H's notice set out no balance adjustment. This adjustment will be unavailable to B & H until the approved actual adjustment has been in effect for 4 quarters.

5. The combined effect of the above adjustments is B & H's gas cost recovery rate ("GCR") in the amount of \$4.3632 per Mcf, which is an increase of 81.32 cents per Mcf from its last approved rates.

6. B & H's adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 8735 dated May 31, 1983, is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after July 1, 1991.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after July 1, 1991.

2. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of July, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8735-M DATED 7/01/91

The following rates and charges are prescribed for the customers served by B & H Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$3.0961	\$8.7264	\$11.8225
Next 8 Mcf	1.1960	4.3632	5.5592
Next 20 Mcf	.9042	4.3632	5.2674
Over 30 Mcf	.7110	4.3632	5.0742

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged or is recalculated.